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April 28, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
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Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

This memorandum contains a pursuit of County position on legislation regarding redevelopment in the City of Downey, a report on actions taken by the Assembly Budget Subcommittee No. 1 on Health and Human Services related to the Governor's FY 2010-11 Proposed Budget, and an update on three County-advocacy bills related to the Wraparound Services Program for foster children, continuous Medi-Cal eligibility for children up to 19 years of age, and the ban on the use or possession of body armor by violent felons.

Pursuit of County Position on Legislation

AB 2065 (Calderon and De La Torre), as amended on April 8, 2010, would: 1) authorize the redevelopment agency of the City of Downey to amend a redevelopment plan to add parcels of land to an existing City of Downey redevelopment project area; 2) find that the Legislature conclusively determines the parcels of land are blighted territory; and 3) exempt the amendment of the redevelopment plan from various requirements of the Community Redevelopment Law. The bill also states that the Legislature finds and declares the need for special law because of the unique circumstances pertaining to the City of Downey.

AB 2065 would authorize the redevelopment agency of the City of Downey to add existing parcels of land to a redevelopment project area located within the City upon the

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adoption of an ordinance by the City Council that contains specified time limitations and restrictions. The bill also would exempt the adoption of the amendment of the redevelopment plan by the City Council from the California Environmental Quality Act (CEQA). However, all projects that implement the amended redevelopment plan would be subject to CEQA requirements.

Existing law authorizes a city or county to create redevelopment agencies for the purpose of curing blight. Physical and economic blight is defined in the Community Redevelopment Reform Act of 1993 (AB 1290 - Chapter 942, Statutes of 1993), which sought to curb redevelopment abuse by tightening the showing of blight needed to invoke redevelopment powers. The Act also placed specified limitations and requirements on projects and mandated pass-through of a statutorily established share of diverted property tax increment to affected localities.

The Chief Executive Office Community and Municipal Services Cluster indicates that AB 2065 would exempt the addition of large parcels to an existing redevelopment project area from various requirements of existing redevelopment law and it would declare statutory blight of the added area which is inconsistent with the objectives of the Community Redevelopment Reform Act of 1993. The City of Downey has not come forward with any specifics of the proposed redevelopment project area amendment; however, according to newspaper accounts, the City is contemplating a new project that would include the Downey Studios, which would likely not qualify as blighted under current law. While specific information of the proposed project is not available at this time, generally, the inclusion of non-blighted parcels in redevelopment areas results in significant financial losses to the County and other local taxing entities from subsequent development.

In addition, AB 2065 would set an undesirable precedent for other redevelopment projects, as cities and redevelopment agencies could attempt to change the definition of blight to match particular project areas within their jurisdictions, which would circumvent the definition of blight in redevelopment law. If other agencies seek and are successful in obtaining similar legislation and adopt redevelopment plans to add property to existing redevelopment project areas without using the existing process to demonstrate blight, the precedent-setting under AB 2065 would result in a major negative financial impact for the County and other local taxing agencies. We are unable to determine the fiscal impact on the County at this time because information on the proposed plan amendment is not available.

County Counsel and this office oppose AB 2065. Therefore, consistent with existing Board policy to support measures that strengthen blight findings requirement to prevent redevelopment abuse, and policy to oppose any redevelopment legislation which would

cause the County to lose revenues or would limit or repeal provisions of the Community Redevelopment Reform Act of 1993 (AB 1290), which tighten the definition of physical and economic blight, **the Sacramento advocates will oppose AB 2065.**

AB 2065 is sponsored and supported by the City of Downey. There is no registered opposition on file at this time. The measure is set for a hearing in the Assembly Housing and Community Development Committee on April 28, 2010.

Assembly Budget Subcommittee No. 1 on Health and Human Services Actions

On April 26, 2010, Assembly Budget Subcommittee No. 1 on Health and Human Services held a hearing to review the Governor's FY 2010-11 Budget proposals for various health programs. The Subcommittee took the following actions on items of interest to the County:

- **Medi-Cal Eligibility Reductions.** The Subcommittee rejected the Governor's Budget proposals to: 1) reduce Medi-Cal eligibility to the Federal minimum allowed, which would result in the elimination of benefits for low-income working families, children, former Foster Care youth, and aged, blind and disabled persons, by a vote of 6 to 0; 2) eliminate nine optional Medi-Cal benefits by a vote of 5 to 1; and 3) eliminate full-scope Medi-Cal for Newly Qualified Immigrants who have been in the United States for less than five years and for Immigrants Residing Under the Color of Law, by a vote of 4 to 2.

The Subcommittee members noted that the Medi-Cal eligibility reduction proposals would violate the Maintenance-of-Effort provisions in H.R. 3590, the Patient Protection and Affordable Care Act of 2010, which requires states to maintain Medicaid eligibility standards, methodologies, and procedures until the State implements a Health Insurance Exchange.

- **Continuous Medi-Cal Eligibility.** The Subcommittee voted 6 to 0 to reject the Governor's Budget proposal to reinstate semi-annual Medi-Cal reporting for children effective January 1, 2011, unless Federal approval is obtained to extend the increased Federal Medical Assistance Percentage. Instead, the Subcommittee approved Budget Trailer Bill language to restore continuous 12-month Medi-Cal eligibility for children.
- **Safety Net Care Pool.** The Subcommittee held open until the May Budget Revision the Governor's Budget proposal to shift \$54.2 million in Federal funds from the Safety Net Care Pool (SNCP) to backfill State General Fund support for certain State-operated programs. **This proposal would result in an estimated**

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County loss of \$14.4 million to the SNCP and \$10.0 million to the South Los Angeles Preservation Fund. The Department of Health Services indicates that this proposal would result in a loss of over 60,000 outpatient visits in Los Angeles County.

Status of County-Advocacy Legislation

County-supported AB 1758 (Ammiano), which as introduced on February 8, 2010, would remove the designation of the Wraparound Services Program as a pilot project and authorize all counties to provide comprehensive services to allow children to remain in a family setting in lieu of placement in a group home, passed the Assembly Floor on April 22, 2010 by a vote of 74 to 0. This measure now proceeds to the Senate.

County-supported AB 2477 (Jones), which as introduced on February 19, 2010, would reinstate 12-month continuous Medi-Cal eligibility for children under 19 years of age to ensure that California qualifies for the temporary Federal Medicaid Assistance Percentage rate increase through the extension of the American Recovery and Reinvestment Act of 2009, was placed on the Assembly Appropriations Committee suspense file on April 21, 2010.

County-supported SB 408 (Padilla), which as amended on January 26, 2010, would reinstate California's law banning the possession or use of body armor by violent felons passed the Assembly Public Safety Committee on April 22, 2010 by a vote of 7 to 0. This measure now proceeds to the Assembly Appropriations Committee.

We will continue to keep you advised.

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